

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

June 13, 2002

IN RE:

PETITION FOR AUTHORITY TO ACQUIRE CERTAIN  
ASSETS OF EASTON TELECOM, INC.

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DOCKET NO.  
02-00515

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ORDER APPROVING TRANSFER OF AUTHORITY  
AND CUSTOMER NOTICE LETTER

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This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on May 21, 2002 for consideration of the *Joint Petition for Approval to Acquire Assets and Request for Expedited Approval* (the "Petition") filed by Easton Telecom Services, LLC ("Easton, LLC") and Easton Telecom Services, Inc. ("Easton, Inc.") (collectively the "Petitioners") for approval of a transfer of authority to provide utility services, pursuant to the provisions of Tenn. Code Ann. § 65-4-113, and for approval of a customer notice letter, pursuant to the provisions of Authority Rule 1220-4-2-.56(2)(d)(2).

**Requirement of and Standards for Authority Approval of Transfer of Authority Pursuant to Tenn. Code Ann. § 65-4-113**

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

- (a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

**Requirement of Authority Approval of Customer Transfer Letter Pursuant to Authority Rule 1220-4-2-.56(2)(d)(2)**

Authority Rule 1220-4-2-.56(2)(d)(2) provides as follows:

(d) In the case of a transfer of a customer base between two or more telecommunications service providers, the Authority, upon petition by the acquiring telecommunications service provider, may deem that sufficient notice has been given and approval received from the affected customers when the following criteria are met:

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2. A notification letter, pre-approved by the Authority, shall be mailed by U.S. First Class Postage by the telecommunications service provider being acquired to its customers describing the customer transfer and explaining that the customers' local or long distance service will be transferred to the acquiring telecommunications service provider by a certain date unless the customer selects another telecommunications service provider. This customer notification shall be mailed to the customers no less than thirty (30) days prior to the actual customer transfer. The notification letter required by the FCC may be used for the notification purposes of this part. The Authority may waive the thirty (30) day notice requirement of this part for good cause shown.

**The Petition**

In their *Petition*, which was filed on May 8, 2002, the Petitioners state that they propose to enter into an asset purchase agreement pursuant to which Easton, LLC will acquire a certain portion of the subscriber base of Easton, Inc., as well as Easton, Inc.'s certificates and applicable tariffs.

The *Petition* states that Easton, LLC is an Ohio limited liability company whose principal offices are located in Richfield, Ohio. Easton, LLC was granted authority to provide long distance services in Tennessee by Order dated June 26, 1996 in Docket No. 96-00968. Easton, LLC was granted authority to provide local services in Tennessee by Order dated July 6, 1997 in Docket No. 97-01004. Easton, Inc. is an Ohio corporation whose principal offices are located in Richfield, Ohio. Easton, Inc. has authority to provide intrastate, interexchange service in forty-eight (48) states and authority to provide local service in thirty (30) states, including Tennessee.

According to the *Petition*, Robert and Heidi Mocas founded Easton, Inc. in 1992. They sold Easton, Inc. to Teligent, Inc. in 1999. Teligent, Inc. later declared bankruptcy. Robert and Heidi Mocas entered into an asset purchase agreement to purchase the customer base of Easton, Inc. This agreement was approved by the U. S. Bankruptcy Court on November 16, 2001.

A copy of a sample customer notice letter, notifying customers of the transfer of customer base, is attached to the *Petition*. The sample letter shows Easton, LLC as the name of the sender.

### **Public Interest Considerations**

The *Petition* states that the proposed transfer will serve the public interest by enabling Easton, LLC to achieve increased economies of scale and compete more effectively in the telecommunications marketplace. The *Petition* states that the transfer will also benefit Easton, Inc.'s existing customers directly by enabling these subscribers to continue to receive high-quality telecommunications service at affordable rates without interruption.

### **Findings**

The Directors of the Authority considered this matter at the May 21, 2002 Authority Conference. Based upon careful consideration of the *Petition*, the Authority finds and concludes as follows:

1. The Authority has jurisdiction over the subject matter of this *Petition* pursuant to Tenn. Code Ann. § 65-4-113;

2. Easton Telecom Services, Inc. has been granted authority to provide telecommunications services in Tennessee;

3. A certain portion of the subscriber base of Easton Telecom Services, Inc., as well as its certificates and applicable tariffs, will be acquired by Easton Telecom Services, LLC, resulting in a transfer of the authority granted Easton Telecom Services, Inc. to provide utility services; and

4. Approval of the transfer of authority is appropriate pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

At the May 21, 2002 Authority Conference, the Directors voted unanimously to approve the *Petition*. The Directors also voted unanimously to approve the proposed customer transfer letter. The Directors ordered that the customer transfer letter be sent under the name of Easton, Inc. as required by Authority Rule 1220-4-2-.56(2)(d)(2).


**IT IS THEREFORE ORDERED THAT:**

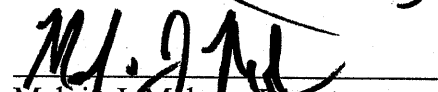
1. The *Petition* of Easton Telecom Services, LLC and Easton Telecom Services, Inc. for approval of the transfer of authority described herein is approved.

2. The customer notice letter proposed by Easton Telecom Services, LLC and Easton


Telecom Services, Inc. is approved, subject to being sent under the name of Easton Telecom Services, Inc..

  
Sara Kyle, Chairman

  
H. Lynn Greer, Jr., Director

  
Melvin J. Malone, Director

ATTEST:

  
K. David Waddell, Executive Secretary